visory machinery of RBI has constantly emphasised that the Boards of the Banks should regularly review of important areas of working, in particular credit management, sticky advances, loan recovery, investment transactions, funds & borrowing management, profitability etc. Banks have been conducting internal inspections through their own Inspection Deptt. The RBI inspection also covers the scope, coverage and efficacy of internal inspection reports & points out the deficiencies for compliance. Banks are doing regular audits for income leakages either by their own staff or by Chartered Accountant Firms. Concurrent audits of major branches is done. A few Banks have also developed system of Audit and Management Audit. Bank Executives review the performance of branches and control tiers. Control Returns covering vital areas of work are insisted upon. Inter branch reconciliation has been emphasised.

Inspection of RBI covers Banks appraisal systems, credit supervision, quantification of sticky advances, expected loan losses and shortfall in provisions. In 1985 RBI advised adoption of 8 fold Healh Cotde classification for advances as a Managment Information too. A new classification of advances into standard, sub-standard, doubtful and loss as been recenlty recommended. New balance sheet formats have been adopted by all the banks leading to more transparency regarding provisions. Banks were instructed to review the position of loss making branches as well as overall profitability. The Inspection system and procedures have been reviewed from time to time by RBI to meet the supervision requirements. RBI commenced in Jan. 91 a system of inspection of all larger branches of Public Sector Banks and about 1000 branches of the 28 banks were covered during Jan. & June, 1991. In May 1991 an expert group which went into the system of inspection of the banks recommended: (i) Annual Financial inspection with main accent on the assessment of the banks financial position and (ii) a biennial Management Audit besides using the services of the audit provision for scrutiny of certain specified areas of banks working. RBI caused the Management audit of a large Public Sector Bank in 1991. Since 1985 detailed action plan exercises are held with the Banks for periodic review of their performance.

Setting up of gold bank

556. SHRI VISHWAS RAO RAMRAO PATIL:

DR. SANJAYA SINH:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are examining a proposal to set up a Gold Bank;

(b) if so, what are the details thereof; and

(c) by when this bank will start functioning?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) Yes, Sir

(b) and (c) The objectives behind setting up a Gold Bank are to mobilise gold from the people, increase the gold reserve and partly to utilise the gold for raising foreign currency loans for developmental programmes. The commercial viabiilty and other details of the proposal are being eamined in detail by Government in consultation with Reserve Bank of India.

Legislation to regulate the conduct of mutual fund business

557. SHRI P. UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to a suggestion made by the noted economist, Mr. M. Narasimham, that a suitable legislation be introduced to regulate the conduct of mutual fund business, incorporating essential safeuardsg; and

(b) if so, what is the reaction of Government and whether such legislation is in the offing?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) The Committee on the Financial System headed by Shri M. Narasimham, had emphasised the need for an appropriate regulatory framework for sound, orderly and competitive growth of mutual fund business. The Committee felt that, to start with a proper legal framework would be enecssary to govern the establishment and operation of mutual funds.

(b) The Securities and Exchange Board of India (SEBI) Act, 1992 empowers SEBI to register and regulate the working of mutual funds.

Setting up of gold management Corporation

558. SHRI P. UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that an expert group has suggested the setting up of a Gold Management Corporation to serve as a central pool for management of gold resources in the country; and

(b) if so, what is Government's response to the Group's recommendation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) and (b) No such suggestion has been received by Government.

भुगतानों पर सरकारी रोक

559. **डा० अबरार अहमद** : क्या वित्त मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या उन के मंत्रालय ने केन्द्रीय मंत्रालयों और विभागों से 'सांविधिक और अन्य अनिवार्य भुगताओं" को छोड़कर सभी भुगतान रोक देने तथा शेष को चालू वित्त वर्ष की दूसरी तिमाही तक आस्थगित करने के लिए कहा है ; और

(ख) यदि हां तो संसद द्वारा पहले से ही स्वीकृत की जा चुकी और कार्यान्वित की जा रही योजनाओं और परियोजनाओं पर इस निर्णय का क्या प्रभाव पड़ा है ?

वित्त मंत्रालय में राज्य मंत्री (श्री शन्ताराम पोट दुखे) : (क) और (ख) सरकार द्वारा प्रारम्भ की गई राजकोषीय सुधार प्रक्रिया के भाग के रूप में किए गए प्रयास का आशय न केवल वर्ष के अन्त में घाटे को बजटीय स्तर तक बनाए रखना रहा है बल्कि इसका साप्ताहिक मासिक आधार पर सूक्ष्मता से मानीटरिंग करना और वर्ष के दौरान घाटे में अधिक वृद्धि सेबचना भी रहा है जिसका मुद्रा आपूर्ति की वृद्धि और मुद्रास्फीति पर प्रतिकूल प्रभाव पड़ा । इसके लिए आवश्यक है कि केन्द्र सरकार को प्राप्तियों में होने वाली प्रगति के संदर्भ में समय-समय पर अपने व्यय को सीमित करने का भी प्रयास करना चाहिए । पहले दो महीनों के अन्त में की गई समीक्षा से तत्काल कुछ विशेष सुधारात्मक कार्रवाई करने की आवश्यकता का पता चला और इसलिए व्यय के विनियमन और प्राप्तियों की वसूली के विषय पर सभी मंत्रालयों को उपयुक्त अनुदेश जारी किए गए थे । इनमें अन्य बातों के साथ-साथ यह व्यवस्था थी कि जबकि सांविधिक और अनिवार्य अदायगियां सामान्यत: की जा सकती हैं वहीं अन्य अदायगियों की वित्तीय वर्ष की दूसरी तिमाही तक आस्थगित किया जा सकता है । प्रश्न के भाग (क) में उल्लिखित किस्म के महत्वपूर्ण मामलों पर ध्यान रखने के लिए अनुदेशों में यह भी व्यवस्था थी कि जहां भी ऐसा भुगतान अपरिहार्य हो जाता हो वहां मामले पर वित्त मंत्रालय के साथ पहले ही विचार-विमर्श किया जाना चाहिए ।

Impact of securities Scam on foreign investment in Indian Stock Market

560. SHRI N. E. BALARAM:

SHRI GURUDAS DAS GUPTA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the prospects of direct foreign investments in